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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT AN ANALYSIS OF THE NEED FOR  
THE LICENSING AND REGULATION OF TRANSIENT VACATION RENTALS.

1           WHEREAS, section 26H-6, Hawaii Revised Statutes, requires  
2 that new regulatory measures being considered for enactment be  
3 referred to the Auditor for analysis; and  
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5           WHEREAS, the analysis considers the probable effects of the  
6 proposed regulatory measure and assesses whether its enactment  
7 is consistent with the policies set forth in section 26H-2,  
8 Hawaii Revised Statutes, which include:  
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10           (1) Assessment of the reasonable necessity of the  
11 regulation to protect the health, safety, or welfare  
12 of consumers of the service; and  
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14           (2) Determination of whether regulation in the form of  
15 full licensure or other restrictions shall be retained  
16 or adopted when health, safety, or welfare of the  
17 consumer may be jeopardized by the nature of the  
18 service being offered; and  
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20           WHEREAS, the Hawaii Tourism Authority contracted a study by  
21 SMS Research & Marketing Services, Inc., to:  
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23           (1) Research the evolving use of visitor accommodations in  
24 Hawaii;  
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26           (2) Understand the impact of internet distribution  
27 channels and the shared economy on the availability  
28 and use of visitor accommodations;  
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30           (3) Determine the number of lodging units in Hawaii; and



1 (4) Quantify how these changes affect Hawaii's lodging  
2 supply; and  
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4 WHEREAS, the SMS study identified 22,238 individually  
5 advertised units in Hawaii; and  
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7 WHEREAS, the *Honolulu Star-Advertiser* in December 2014  
8 published a series on the proliferation of vacation rentals  
9 titled "Rogue Rentals" that reported about:  
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11 (1) The rising vacation rental market and the  
12 "proliferation of mostly illegal vacation rentals" in  
13 areas beyond Waikiki that is "pitting neighbor against  
14 neighbor";  
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16 (2) Ineffective and arbitrary enforcement policies which  
17 have exacerbated disputes between neighborhood  
18 residents and vacation rental owners; and  
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20 (3) The need for better regulations on the vacation rental  
21 market to avoid the potential loss of millions of  
22 dollars of State tax revenues from homeowners not  
23 paying the required taxes and the increased  
24 victimization of tourists by bogus transient vacation  
25 rental scammers who are likely to escape prosecution  
26 because these out-of-state crimes are out of the  
27 State's jurisdiction; and  
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29 WHEREAS, H.B. No. 825 and S.B. No. 1237 (2015), propose to  
30 license and regulate transient vacation rentals, and these  
31 proposals require analysis by the Auditor pursuant to section  
32 26H-6, Hawaii Revised Statutes; now, therefore,  
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34 BE IT RESOLVED by the House of Representatives of the  
35 Twenty-eighth Legislature of the State of Hawaii, Regular  
36 Session of 2015, the Senate concurring, that the Auditor is  
37 requested to conduct an analysis of the regulatory scheme  
38 proposed by H.B. No. 825 and S.B. 1237 (2015), pursuant to  
39 section 26H-6, Hawaii Revised Statutes; and  
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41 BE IT FURTHER RESOLVED that the Auditor is requested to  
42 consider data and other information gathered in prior studies on  
43 this issue, including those contracted by the Hawaii Tourism  
44 Authority and other relevant agencies; and



1 BE IT FURTHER RESOLVED that the Auditor is further  
2 requested to submit findings and recommendations, including any  
3 proposed legislation, to the Legislature no later than twenty  
4 days prior to the convening of the Regular Session of 2016; and  
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6 BE IT FURTHER RESOLVED that certified copies of this  
7 Concurrent Resolution be transmitted to the Auditor; Director of  
8 Taxation; the Chair of the Hawaii Tourism Authority Board of  
9 Directors; and the President and Chief Executive Officer of the  
10 Hawaii Tourism Authority.

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